

~~SECRET NOFORN~~
The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC-04989-86/1
29 October 1986

MEMORANDUM FOR: Distribution

FROM:

[redacted]

Acting National Intelligence Officer for Europe

Fritz W. Ermarth

National Intelligence Officer for USSR

SUBJECT: October Warning and Forecast Report

25X1

1. Attached is our report to the DCI based on our warning meeting held on 22 October 1986.

2. Next month's NIO/EUR warning meeting will be held on Wednesday, 19 November 1986 at 1025 in room 7-E-62, CIA Headquarters. Please telephone attendance plans to our office [redacted] and have clearances certified by COB 17 November 1986. I also encourage you to phone in suggestions for the agenda and names of volunteers to make opening presentations. It would be helpful to have your comments for the next meeting by Monday, 10 November 1986.

25X1

3. The next NIO/USSR meeting will be held on Tuesday, 18 November, at 1400 hours in Room 7-E-62, CIA Headquarters. Please have your clearances passed and call [redacted] with your attendance plans by COB Friday, 14 November. Please forward suggestions regarding any topics or contingencies you feel we may be overlooking to the NIO/USSR office by COB Friday, 7 November.

25X1

[redacted]

[redacted]

Fritz W. Ermarth

fn

25X1
25X1

Attachment

CONFIDENTIAL when separated from attachment

CL BY SIGNER
DECL OADR
DERV MULTIPLE

~~SECRET NOFORN~~

SECRET NOFORN

The Director of Central Intelligence

Washington, D.C. 20505

NIC-04989/86
29 October 1986

National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM:
Acting National Intelligence Officer for Europe

25X1

Fritz W. Ermarth
National Intelligence Officer for USSR

SUBJECT: Joint NIO/EUR and NIO/USSR Warning and Forecast Meeting
on Soviet Policy Toward Eastern Europe under Gorbachev

1. In lieu of our regular October Warning and Forecast meetings, NIO/EUR and NIO/USSR cosponsored an interagency meeting on Soviet policies toward Eastern Europe under Gorbachev. The session was intended not only to tap Community thinking in preparation for a forthcoming National Intelligence Estimate on the topic, but also to probe beneath the seeming quiescence in a region characterized by chronic instability and recurrent crises.

2. Discussion. Soviet signals to Eastern Europe have been mixed since Gorbachev assumed power: there has been an emphasis on bloc discipline, economic efficiency, and expanded scientific/technical cooperation, but few clear guidelines have been delineated. Having reasserted Soviet authority through a series of Warsaw Pact summit meetings in the first half-year of his tenure, Gorbachev has since reverted to more lax patterns of control as more pressing issues crowded his policy agenda. The period of retrenchment in Eastern Europe that many expected has not materialized; the Gorbachev Doctrine, to the extent that one exists, seems to be one of "controlled diversity."

- The chief question is how much diversity can be permitted before control is threatened. If anything, Gorbachev may be moving too fast on too many fronts -- by sanctioning the prisoner release in Poland, encouraging separate East European openings to China and Israel, and allowing the East Europeans considerable rein in cultivating relations with the West.

CL BY SIGNER
DECL OADR
DERV MULTIPLE

SECRET NOFORN

SECRET NOFORN

One set of problems that cannot be deferred for long is the prospect of imminent leadership successions in several East European countries.

- The uncertainties are probably highest in Romania, where Ceausescu has created a cult of personality that virtually assures instability (and potential Soviet meddling) after his departure.
- In Hungary, the key question is whether Kadarism can survive Kadar, for no potential successor wields anything like the authority he has acquired in his thirty-year tenure.
- Bulgarian party leader Todor Zhivkov, who has been in power even longer, has been the target of Soviet criticism, and succession maneuvering is already under way.
- In Czechoslovakia, the enfeebled Gustav Husak presides over a precariously balanced leadership that has remained virtually intact since Dubcek's ouster in 1969; his departure could upset the fragile stability of the entire top leadership.

Gorbachev faces two related challenges: to ensure that preferred (or at least acceptable) successors are chosen and to manage the succession processes so as to avert a serious crisis. However, jockeying for position is already apparent, particularly in Hungary and Czechoslovakia, and pressure for some sort of indirect Soviet intervention will mount as factional divisions become more acute.

Another urgent challenge Gorbachev faces is to upgrade East European economic performance, both to bolster stability in the region and to support the USSR's own ambitious modernization drive. Two key developments are likely to come to a head in the coming year.

- First, the cost of Soviet oil to Eastern Europe will begin to decrease sharply, reflecting (with a lag built in to the CMEA pricing formula) the dramatic drop in world oil prices. If present trends continue, the East Europeans will be able to repay their debts to the USSR relatively easily, and the Soviets will be required to redress their deteriorating balance of payments with Eastern Europe by increasing exports, pushing through a new pricing formula, or reopening the contentious issue of East European defense spending.
- The second new development will be the implementation of the new "CEMA 2000" plan for scientific and technological cooperation. So far, collaboration has been limited to the signing of trade agreements and protocols; beginning in 1987, these vague desiderata will be incorporated into national economic plans as binding commitments. So far, the East Europeans have elected to go it alone in S&T as in other areas, and CEMA specialization arrangements have a notoriously poor record of achievement. Soviet insistence on full East European participation -- at a time of continued economic decline in the region -- could lead to serious strains.

SECRET NOFORN

SECRET NOFORN

3. Warning Notice. A succession crisis in one or more East European countries could come at any time. If a leadership succession were to be accompanied by sharp economic decline, indecision within the ruling party, mixed signals from Moscow, or a simultaneous succession struggle elsewhere, a crisis could erupt almost anywhere, with Romania and Hungary the most likely flash points and Czechoslovakia and Bulgaria next in line. And the possibility of heightened instability brought on by Soviet miscalculation has increased with the departure from the Soviet party/state leadership of most veterans with experience in previous East European crises.

With or without a succession struggle, severe economic deterioration could lead to instability in the top leaderships or the populations at large, particularly in Romania or Poland. Winter "brownouts," serious breakdowns in supply and service sectors, or a major mining disaster, e.g., could touch off a chain of popular reaction of unpredictable and potentially critical dimensions.

Although not likely to lead to crisis, foreign and trade policy disputes could also introduce severe strains into Soviet-East European relations, particularly if a tougher Soviet foreign policy line began to threaten existing East European ties with the West. Ceausescu's preemptive moves at the recent Warsaw Pact foreign ministers' conference suggests that defense spending remains a divisive issue. New Soviet demands -- of which there have already been hints -- would be met with considerable East European resistance.

Finally, the situation in Poland remains potentially explosive, despite the evident weariness of the population. If opposition leaders overstep the bounds now set by the regime, Poland could return to the all too familiar cycle of arrests, resistance, and repression.

25X1

25X1
25X1

Fritz W. Ermarth

SECRET NOFORN

25X1

25X1

25X1

Page Denied

25X1

Next 2 Page(s) In Document Denied

25X1